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COVER STORY

Tough task: Fix damaged presidency

'You can't
put Humpty
Dumpty back
together
again,' says
ex-staffer

By Tony Mauro
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President Reagan's Iran-scam troubles have only just begun.

His bold move to replace imperial chief of staff Donald Regan with congenial Howard Baker will help his demoralized White House staff regain momentum.

But despite this hopeful sign, it's clear the Tower Commission report was just the first of a series of body blows that promise to keep Iran on the USA's front pages this week and in the months ahead.

"You can't put Humpty Dumpty back together again," former White House communications director David Gergen said Sunday.

Added Sen. Patrick Leahy, D-Vt., vice chairman of the Senate Intelligence Committee, "There's a feeling that the emperor has no clothes. President Reagan was saying we don't deal with terrorists. He was. People suddenly realized the invincibility of the White House isn't so."

A Newsweek poll out Sunday found a third of Americans believe Reagan should consider resigning; 53 percent give him a negative rating — worst of his presidency.

With two congressional committees and a special prosecutor still probing the affair, bombshells can be expected for months — even years — to come.

On Reagan's Iran-scam horizon:

■ **Gates nomination:** Confirmation of Robert Gates to re-

place ill William Casey as CIA chief may be the next casualty of the Tower report.

The Washington Post reports today that Gates will withdraw as President Reagan's nominee. The Senate Intelligence Committee meets Wednesday to discuss when — and if — it will schedule a vote on Gates. Gates, mentioned only briefly in the Tower report, was nevertheless No. 2 man during the CIA's involvement in the scandal.

Leahy was an early Gates supporter, but said Sunday that if Gates came to a vote today, "He would not be confirmed. Not because most senators have anything against him or doubt his capability, but just as a way of saying to the administration: 'One, we don't like what you did. And secondly, we're not sure you haven't been truthful with us. We're afraid this vote will come back and haunt us.'"

Gates' nomination may be pulled before Wednesday, if Senate Minority

Leader Bob Dole, R-Kan., reports to Baker that support is evaporating.

Challenge for Reagan: Is anyone else available for the job who has enough CIA experience to restore agency morale, but who is not tainted by the Iran affair?

■ **Special prosecutor:** Despite legal attacks, independent counsel Lawrence Walsh continues his probe for criminal violations this week. But indictments, if any, are still months off.

The Justice Department is preparing fallback positions in case a judge agrees with Lt. Col. Oliver North that a special prosecutor is unconstitutional.

Basis of North's lawsuit: Prosecuting violators of federal laws is usually the job of the president and Justice Department. Walsh was named by a three-judge panel under a 1978 special prosecutor law.

The Reagan administration might solve the problem by pledging that if the law is tossed out, Walsh would be appointed by Reagan. That, too, has problems: If Walsh is answerable to Reagan, would his probe be viewed as a white-wash if no top officials are indicted?

Meantime, the lawsuit could slow Walsh by diverting his attention and encouraging witnesses to resist subpoenas.

Prospect for Reagan: Unlike congressional probes, Walsh's work could send Reagan aides to jail for substantive violations of federal law such as fraud and conspiracy. That could cripple Reagan further, no matter how much rebuilding Baker accomplishes.

■ **Senate probe:** "There are big gaps" in the Tower report, said Sen. Daniel Inouye, D-Hawaii, "such as where is the money trail?"

The Tower Commission said \$19.8 million from the Iran arms deal was "unaccounted for and available for diversion." Another \$59.7 million that Iran paid to arms middleman Manucher Ghorbanifar can't be traced, the report said. Said Leahy, "The first thing I learned as a prosecutor, follow the money. If you follow the money, you'll find out who did it."

The Senate committee is actively trying: It, unlike the Tower Commission, has subpoena power and has already granted immunity to former National Security Council secretary Fawn Hall, retired Air Force Col. Robert Dutton, and Edward DeGaray, whose air charter company shipped arms to the contras.

But Inouye, who heads the Senate panel, said tracing the money "will be a difficult chore because you will be dealing with a sovereign country — Switzerland — and its banking laws."

Potential problem for Reagan: If the committee finds the missing money is lining government officials' pockets, the political fallout could easily outstrip what followed the Tower report's release.

■ **House investigation:** "We don't know what's ahead of us here," Rep. Lee Hamilton, D-Ind., head of the House special committee probing Iran, said Sunday. One focus: whether President Reagan knew of the diversion of Iran arms funds to the contras.

An April 1986 North memo proposing the contra aid never reached the president, Tower Commission members say, but Hamilton is less sure: "The path of that memo is not clear."

Impact on Reagan: Determination of whether laws were broken depends on the answer to the Watergate question, first voiced by Baker: "What did the president know and when did he know it?"

Even the Baker appointment, applauded in Congress, could erode the president's conservative base of support.

"I've talked to 50 conservative leaders this weekend and they all feel angry, outraged, abandoned," conservative strategist Richard Viguerie said Sunday.

Baker's problem, Viguerie said: He is a moderate who disagrees with much of the New Right agenda that helped elect Reagan, such as opposition to busing, abortion, high welfare spending.

"Personnel is policy in this town, so our agenda is out the window," said Viguerie. "Howard Baker got to be president without running for it."

First fallout: a \$1 million TV ad campaign to boost Reagan's image — due to start this week — is "on hold because of the Baker appointment," said L. Brent Bozell III, president of the National Conservative Political Action Committee. Only a direct plea from Reagan or Baker, Bozell said, will save it.

Even Reagan's close friend, former Nevada Sen. Paul Laxalt, has a blunt prescription for him: "He's going to have to get his head and his guts squarely into this operation and stay on top of it."

Laxalt said Reagan needs to tell the country: "This was a bad trip that we shouldn't have gone on."

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